

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON CORRECTIONS AND PUBLIC SAFETY

Call to Order: By **CHAIRMAN STANLEY (STAN) FISHER**, on January 14,
2003 at 8:05 A.M., in Room 317-A Capitol.

ROLL CALL

Members Present:

Rep. Stanley (Stan) Fisher, Chairman (R)
Sen. Corey Stapleton, Vice Chairman (R)
Sen. Keith Bales (R)
Rep. Tim Callahan (D)
Rep. Carol C. Juneau (D)
Rep. Dave Lewis (R)
Sen. Trudi Schmidt (D)

Members Excused: None.

Members Absent: None.

Staff Present: Marian Collins, Committee Secretary
Brent Doig, OBPP
Todd Younkin, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed. The time
stamp for these minutes appears at the beginning
of the content it refers to.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Military Affairs Public
Testimony, 1/10/2003
Executive Action: None

{Tape: 1; Side: A; Approx. Time Counter: 0.2 - 2.8}

Mr. Younkin presented a copy of a letter written by Clayton Schenck, Legislative Fiscal Analyst, to all agency directors regarding budget priority information. **Mr. Younkin** also presented information on how the beginning base was established for agencies. It compares options and looks at the executive budget and how much in unspecified reductions would be remaining if the committee chooses to accept a large part of the executive budget. It also highlights any LFD issues. The second page deals with a breakout by program within the Department of Military Affairs. It applies the fiscal 2000 base in place of the 2002 adjusted base for the starting point. Finally is a copy of a letter from General Prendergast written in September, 2002 (as part of Exhibit 2) identifying the agency's priorities.

EXHIBIT (jch07a01)

EXHIBIT (jch07a02)

Major General Gene Prendergast, Director, Department of Military Affairs and Adjutant General for the State of Montana, expressed concerns about budget cuts in light of the homeland security issues in relation to defense of the nation and this state.

{Tape: 1; Side: A; Approx. Time Counter: 5.1 - 18.1}

Karen Revious, Administrator of Centralized Services Division, distributed information to the committee and stated that this department provides departmental administration through the office of the Adjutant General and department-wide support for the budget fiscal management, personnel, labor relations, purchasing, property management, and information technology.

DP3 is a request to restore a one-time-only position which was granted last legislative session. This position is 100% federally funded. The person in this position is responsible for tracking federal expenditures and ensuring that the state is accurately interpreting the cooperative agreements, appendixes and other federal rules that govern National Guard funds. Errors in expenditure of these funds can cause a liability to the state's general fund, and errors in state reimbursement have caused delays in federal funds being passed to the state for expenditures already made by the state. Since this position was created in November 1999 to review existing policies and procedures and to establish new methods to track federal funds, the state has been able to collect over \$19,000 of interest from the federal government in the last three fiscal years.

DP 7003 represents the Centralized Services Division share reduction based on department reallocation of the overall reduction. Since 95% of Centralized Services budget is personnel services and fixed cost that are paid to other state agencies, the only option to absorb the cuts is to eliminate 3.5 employees, or 70% of Centralized Services staff. There will no longer be adequate resources to perform the duties required of this division.

EXHIBIT (jch07a03)

Mr. Younkin asked the committee to note information provided on page D-153 and D-154 of the Legislative Budget Analysis 2005 Biennium comparing the National Guard Youth Challenge Program to the federal WIA youth program. He also stated there are a wide variety of issues across state government right now concerning use of various funds. There is additional information on the employment security account, ESA, on D-113.

Mike Royer, Division Manager, Youth Challenge Program, presented an overview of the program. He requested that the state restore funding for the program, which was previously funded with federal funds and a general fund match, but designated one-time-only by the 2001 legislature. The program is a volunteer, residential, highly structured program. The cost per youth funding from the state of Montana is approximately \$5,600. The recent OPI director's report stated that the average cost per youth in high school is about \$6,500.

EXHIBIT (jch07a04)

REP. JUNEAU stated that she opposes the Youth Challenge Program each session due to the high cost and questioned Mr. Royer's cost per graduate data.

Mr. Royer stated that the \$5,600 figure is based on the National Guard formula, which is 100 kids per cycle, 200 kids per year in the residence space divided into \$2.8 million, which is \$14,000 per youth. The state's share is forty percent, which is \$5,600. Since 1999, 533 youth have graduated. The state dollars spent per year on those graduates, is \$6,444 cost per youth.

REP. JUNEAU asked how many staff members are American Indians with approximately 25% American Indians in the program.

Mr. Royer stated that there is currently no Native American on staff at the Youth Challenge Program, but welcomes any interested applicants.

SEN. BALES asked where the Youth ChalleNGe Program gets its funding.

Mr. Younkin stated that within the Workforce Services Division, \$1.1 million in federal Reed Act funding is used within the Workforce Services Division, which frees up \$1.1 million each year of ESA funding. In turn, that \$1.1 million of ESA funding is then put into the ChalleNGe Program to replace the general fund debt.

Amber Dawn Stanich, from Clancy, Montana and **Benjamin John Homan, Helena, Montana** are recent graduates of the Youth ChalleNGe Program and spoke in support of continued funding for the program. They stated how it positively affected their lives. Both have joined the armed forces and are proud of how their lives have turned around. **Lori Stanich, parent of Cadet Stanich** also testified and expressed support for the program. **Bill Slaughter, Director, Department of Corrections** appealed to the committee not to compare the ChalleNGe Program to other correctional programs. Mr. Slaughter stated that the investment in these kids in the ChalleNGe Program will prevent them from entering the prison system down the road where support is much more expensive. Also, he said that the older people get, the harder it is to change, so he supports working with them while they are teenagers.

{Tape: 1; Side: B; Approx. Time Counter: 24.9 - 30}

Brigadier General Randy Mosley, Assistant Adjutant General of the Army National Guard, Deputy Director of Military Affairs gave an overview of the Army National Guard, which includes the local, state and federal mission of providing trained and ready units for mobilization and support. It is the obligation of the National Guard to provide the necessary resources such as infrastructure, leadership, training, and whatever else is necessary to ensure that Guardsmen are able to perform that mission. None of the Army National Guard Decision Packages (DP) involve an increase in general fund. They involve a decrease in general fund, and an increase in spending authority for either federal or state special revenue.

EXHIBIT (jch07a05)

{Tape: 2; Side: B; Approx. Time Counter: 0 - 6}

Chris Denning, Department of Military Affairs, Army Program, Facilities Office of the Montana Army National Guard, stated that this division is responsible for operation and maintenance of facilities, both federal and state owned, across the state of

Montana that house the Montana National Guard, portions of Disaster and Emergency Services, Veteran's Affairs, Centralized Services and a small portion of the Air National Guard. Some of these facilities also serve as community centers as well as being available to be used as mobilization spots for state emergencies. DP 5 is a request which reduces the Department of Military Affairs state general fund budget by \$58,517 in 2004, \$58,117 in 2005, however provides \$144,154 of additional federal spending authority for 2004 and \$143,972 in 2005 for the operation and maintenance of facilities which were recently constructed. This is funding for utilities for buildings that are already built. This DP includes federal spending for basic level of janitorial services and the utility costs associated with these newly constructed facilities. It also funds additional contract maintenance services which are 100% federally reimbursed. The \$58,517 reduction includes funding for programmed exterior of state-owned armories, and a decrease in funding for preventative maintenance projects on facilities which are 75% federal, 25% state resulting in a loss of the federal matching funds. Further reductions in the 2002 executive base budget to the 2000 levels recently proposed would have a severe effect on programmed maintenance plans, some of which have a 75% federal match.

General Mosley stated that DP 5 reduces general fund to the executive budget, which causes cut-backs for on-going maintenance. It is also a request for spending authority for federal money that has become available for other maintenance purposes.

{Tape: 2; Side: B; Approx. Time Counter: 19.3 - 30}

Colonel Mike McCabe, Montana Army National Guard, Deputy Chief of Staff for Information Management, stated that his division is responsible for the security operation and management of the federally-funded information technology network supporting the Montana Army National Guard military training missions across the state of Montana in each of the armories. Information Management is also responsible for all oversight on the Montana Army National distance-learning network. Federal spending authority is requested for each fiscal year to support existing military communications operational needs. The funds support communication for the Army National Guard's military training and operation network. No state funds are involved in paying for the circuitry supporting communications to each of the armories. The federal spending authority is requested so that circuits may be paid for using the State of Montana Summit Net contract, thereby supporting the collaboration between the Montana Army National Guard and the State of Montana in it's communications network. If

the federal funding authority is not authorized, these circuits would be purchased using federal funds through the federal contracting methodology known as FTS2003. The Summit Net contract was utilized to allow communication to go farther east in the state of Montana than it would have gone under the existing plans had the Montana Guard not participated.

Col. McCabe stated that the primary purpose of the distance learning project, as it was originally funded, is for military training and support. Its secondary purpose is to provide shared-use capability on a space-available basis for communities. In 1998 and 1999, when this project was started, it made possible the opportunity for communities to participate in a shared-use environment where Army classrooms are established. At that time, three communities signed participation agreements. These communities can use the Army classrooms at a very limited expense.

Ralph DeCunzo, Administrator, Contracting and Construction

Division, presented the committee with information pertaining to the Contracting and Construction Division. This division has seven staff members and is 100% federally funded. DP 13 involves replacing computers to keep up with technology in order to more effectively deal with outside consultants such as architects and engineers around the state. It is critical to have the same type of software and computers that are capable of handling the types of drawings and information from these consultants.

EXHIBIT (jch07a06)

{Tape: 2; Side: B; Approx. Time Counter: 3.8 - 6.2}

John B. Wheeler, Administrator, Army Environmental Program, gave an overview of the Environmental Program. DP 8 requests additional spending authority for \$333,000 for FY 2004 and FY 2005. The request for federal spending authority is to cover moving 2 FTEs from a modified status to a permanent status. An additional \$250,000 of the requested additional federal authority is needed to support the on-going environmental compliance program. Modified-status positions are required to be renewed yearly. The Environmental Program is wanting to make those FTE's permanent.

EXHIBIT (jch07a07)

Brig. Gen. Mosley stated that the federal money requested for these positions will be on-going in order to continue environmental work. If the federal monies discontinue, these positions will be eliminated. The environmental program is almost 100% federally funded.

Col. McCabe presented the committee with a copy of his testimony and information concerning DP 14. This request was submitted in order to comply with state requirements for spending authority regarding special revenue. The National Guard Distance Learning Network (NG DLN) will be up and operational in fiscal year 2004. The principle reason for the request for spending authority for special revenue is to maintain and refresh the network already in place, as well as pay the federal government for the necessary charges. If that special revenue authority did not exist in some amount, the National Guard would not be allowed to permit shared-use in any of the armory environments, and it may jeopardize the shared-use of the three communities that have participated. At the armory sites no fees can be charged for military classroom use. Those fees would go to reimburse the federal government for circuit cost and network administration, to refresh the equipment, to manage the site, etc. It is estimated that shared-use fees will generate enough revenue to meet base costs.

EXHIBIT(jch07a08)

Maj. Gen. Prendergast reiterated the benefits of communities participating in the National Guard distance learning program. He also stated that Fort Harrison is shared by military and state agencies.

Colonel Mark Meyer, Air National Guard, stated that the Air National Guard is asking for a \$75,000 present-law adjustment for each of the two years in the biennium to cover the increase in utilities, and to recover costs incurred over the years for repair, maintenance and facility supplies.

Col. Meyer stated there has been an increase of approximately 30% in the cost for utilities at the Great Falls facility over the last three years. This is a large part of the \$75,000 request. Some of the \$75,000 represents recovery of some expenses for repair and maintenance, which were paid by federal funds and should have been paid by state funds.

EXHIBIT(jch07a09)

CHAIRMAN FISHER noted that the Great Falls airport received classification allowing national and international flights due to the number of firefighters on duty 24 hours a day, seven days a week.

{Tape: 2; Side: B; Approx. Time Counter: 20.5 - 30}

Jim Greene, Administrator, Disaster and Emergency Services (DES) Division, and Chairman of the Governor's Homeland Security Task Force, stated that his division is responsible for disaster-planning activities and responding to disasters and emergencies at local government request. They are available for information 24 hours per day. When state assistance is needed the division coordinates with state and federal agencies to provide what is necessary to assist local government.

DP 210 is 100% federally funded for homeland security, and is requested for exercise and training support for first responders at the state and local level and to purchase equipment and pay for training.

DP 7002 is a request to reduce the current level FTE in DES by one to ensure the division helps in meeting the department's 2005 biennium general fund budget.

Using the FY 2000 base budget reduces general fund another \$44,861. DES would double that impact due to the 50/50 cost share requirement with the Federal Emergency Management Agency for a total of \$89,722. This will require reducing an additional two FTE's. The effects of these cuts are listed on page 2 and 3 of Exhibit 10.

EXHIBIT (jch07a10)

{Tape: 3; Side: A; Approx. Time Counter: 0 - 4.5}

Mr. Greene stated the importance of developing relationships with communities before disasters occur in order to eliminate delay in notifying DES. That delay raises cost, confusion and frustration. If local government is better prepared, there are some disasters they can prevent from escalating to the point where governor or presidential disaster declaration is required. He also stated that DES provides three positions to local government at no cost during a disaster.

{Tape: 3; Side: A; Approx. Time Counter: 6.5 - 10.9}

Joe Foster, Administrator, Veterans' Affairs Division, provided the committee with information pertaining to the Veterans' Affairs Division. **Mr. Foster** stated that the division's two basic missions are to provide services to Montana's veterans and veteran family member population, which is general funded, and to administer, operate and provide upkeep of the state Veteran's Cemetery Program, which is financed by special revenue. The division receives no federal funds for either program. The construction of a new cemetery will be 100% federally funded from the VA.

DP 18 requests an additional .5 FTE to support cemetery operations at the two Montana state veteran's cemeteries. This .5 position would be funded entirely by the cemetery special revenue account. The cemeteries are expanding rapidly, and require additional maintenance. Additional funds are requested to upgrade this position in order to secure more qualified applicants who will be committed to serving veterans and their families.

{Tape: 3; Side: A; Approx. Time Counter: 10.9 - 30}

DP 7001 proposes to reduce the Veterans' Affairs Division Veteran Service Representative by one FTE. Currently fifteen service officers serve approximately 6,500 clients. With the reduction of one service officer, the outreach into the region served will have to be picked up by another service officer, which will degrade the services provided in each affected region. **Mr. Foster** stated that his priority is to maintain the highest level of veteran services in the field and requests this division not lose an FTE which would probably result in closing a veteran's service office.

Mr. Foster stated that the 2000 base budget represents an additional \$42,538 reduction to general funds in FY 2004. This equates to the loss of another FTE, and cuts in the operations budget to fund only two state-leased vehicles instead of four. All other travel would basically be non-existent, which includes outreach services for veterans and service officer's travel to attend in-state training and professional skills development. With the 2000 base budget applied to the 2005 budget, a reduction of additional personnel hours will be necessary or RIF an experienced employee.

EXHIBIT (jch07a11)

Mr. Foster presented the committee with a spread sheet containing general fund budget planning figures for FY 2002-2005. In 2002, the office manager's salary was augmented by \$12,000 from the cemetery fund, which is special fund revenue. With the reductions in FY 2003, it will be necessary to make up the shortfall of approximately \$40,000 from the cemetery fund in order to keep field offices operating at 100%. **Mr. Foster** asked the committee to recognize the conservative spending that has been done in the past, the cuts that have already been made, and the Division's willingness to cut expenses to the bare minimum. He asked that the committee not adopt DP 7001 which would cut another employee, as it is apparent that Veterans' Affairs Division will already lose one FTE.

EXHIBIT (jch07a12)

CHAIRMAN FISHER suggested hiring handicapped workers to work at the cemetery. **Mr. Foster** responded that the job requires a consistent worker during any season, able to work in adverse climate, and able to do manual labor.

REP. JUNEAU asked about SB 50 currently in committee which would expand the veteran's committee. She asked how that will be funded. **Mr. Foster** responded that SB 4 would create a patriotic license plate, which would go into a special revenue account specifically for veteran services throughout the state. This could fund an FTE, operations such as technology, service offices, or travel monies. The problem with the patriotic license plate is that there is no way to predict short- or long-term revenue results. He also stated that SB 50 has a 25-cent fee which would be attached to the majority of Montana license plates. This does have an immediate revenue impact of approximately \$279,000 annually, which would go into effect January 1, 2004, and therefore would allow immediate planning. It would be a special revenue account.

{Tape: 3; Side: B; Approx. Time Counter: 1.8 - 4.0}

Mr. Foster anticipated that SB 4 would have no affect on the present budget because it isn't known how much revenue would be generated. He stated concern that the sale of patriotic license plates will compete with the veteran's license plate, which funds the state veteran cemeteries.

The Veteran's Division would possibly be able to start using the funds generated by SB 50 by mid-2004. It will not be possible to hire an FTE at that time, because the division will not have the authority. If the division doesn't have to lose an FTE now,

funding for that position could be augmented by the special revenue generated by the license plates. Funds generated will not go entirely to personnel. The division plans to propose two new positions in the next legislature; one is an FTE specific to servicing the tribal nations in claims processing, and the other is an ombudsman who would work specifically as a liaison throughout the state on veteran's issues and grant writing.

SEN. SCHMIDT asked how the new cemetery would be funded. **Mr. Foster** stated that once a new cemetery is authorized, the land has to belong to the state and then the federal VA will pay 100% of costs of construction of the cemetery. The state is then held responsible for the upkeep, administration, and operation of that cemetery.

Maj. Gen. Prendergast asked this committee to use the same compassion and concern for veterans that is shown to people in health services, and not cut veteran's services.

Mr. Younkin informed the committee that the executive budget does not fund the National Guard Scholarship Program. It was funded one-time-only for the fiscal 2003 biennium. Without positive action by this subcommittee funding will not continue.

Roger Hagan, representative of the 3,500 members of the Officers and Enlisted Association of the National Guard in Montana, presented the committee with information about the NG Scholarship Program. During the 1999 session, the program was packaged to be a tool for recruiting and retention. The \$500 per semester scholarship allows for a competitive edge in recruiting and retention. There are currently over 100 applicants who are waiting for funding. Enlistments in the Army Guard have increased; retention is good and losses are down. The Air Guard also shows increases; the enlistments are not up but retention is up.

EXHIBIT (jch07a13)

Camelia Semenza, Shelby, Montana, is in the National Guard and a senior business student at the University of Montana. She has received the National Guard scholarship for three and a half years. One reason for joining the Guard was for the scholarship money. One thousand dollars per year has been a big help. When recruiting, the scholarship is one of the selling points. Losing money from weekend and summer jobs while serving one weekend per month and two weeks during the summer is offset by the scholarship monies.

EXHIBIT (jch07a14)

Mary Jo Kraft, Helena, Montana, is in the National Guard and attends Montana State University. The scholarship has helped her tremendously to pay tuition.

Nick Kerwin, Bozeman, Montana, is attending the University of Montana, Missoula. Without the \$500 scholarship money, his budget falls short which requires that he get a part-time job to pay tuition. He asked that the committee consider expanding the budget on the scholarship program.

Technical Sgt. Evan Jones, Montana Air National Guard, stated that the scholarship program has been instrumental in keeping young men and women in the Guard. Today it's hard to find young men and women who are willing to serve and defend our country. It is even harder to find the scholarship programs specifically tailored to keeping Montana students in Montana. This scholarship not only helps them advance their careers in the Guard but also helps them in their civilian jobs because of the training they receive in the Guard. He testified that continuing to fund this scholarship program in order to keep quality citizen soldiers and airmen in the Guard units is a win-win situation for the taxpayers of Montana.

EXHIBIT(jch07a15)

Staff Sgt. Crystal Gall, Montana Air National Guard, spent four years active duty, and joined the National Guard because of the scholarship program so that she could complete her elementary education degree. The scholarship allows her to pursue her degree full time.

EXHIBIT(jch07a16)

Senior Airman Ammon Palmer, Montana Air National Guard, grew up in Colorado and was initially attracted to the Guard partly because of the scholarship program. His sister is also a member of the Guard. The \$500 per semester scholarship was one of the things that attracted him to the Guard rather than going with ROTC or the Reserves. It is an added benefit while attempting to make ends meet.

January 14, 2003

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ADJOURNMENT

Adjournment: 10:45 A.M.

REP. STANLEY (STAN) FISHER, Chairman

MARIAN COLLINS, Secretary

SF/MC

EXHIBIT (jch07aad)